

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6034

BILL NUMBER: SB 22

NOTE PREPARED: Feb 19, 2004

BILL AMENDED: Jan 26, 2004

SUBJECT: Confined Feeding Operations.

FIRST AUTHOR: Sen. Jackman

FIRST SPONSOR: Rep. Bottorff

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes application fees to be remitted to the Department of Environmental Management for general and individual National Pollutant Discharge Elimination System (NPDES) permits. The bill also provides that obtaining an NPDES permit for a concentrated animal feeding operation (CAFO) meets the approval requirements of IC 13-18-10-1 and 327 IAC 16.

Effective Date: Upon Passage.

Explanation of State Expenditures: This bill allows a person wishing to construct a confined animal feeding operation (CAFO) to apply for a National Pollutant Discharge Elimination System (NPDES) permit in order to satisfy the Department of Environmental Management's (Department) approval to start the construction. There should not be a significant difference in resources required between administering an NPDES permit program for some CAFOs relative to the existing state statutory confined feeding operation approval system and the proposal.

Explanation of State Revenues: (Revised) The bill establishes a \$100 fee for filing or renewing a notice of intent concerning a **general** NPDES permit regarding a CAFO with the Department. This fee is in addition to the \$50 NPDES application and renewal fees currently in statute.

The Department estimates that an average of 30 new farms apply for CAFO approval per year, of which most apply for the general permit. Because the Department currently charges a \$100 fee (as set in administrative rules) for new or expanding confined feeding operations, which the farms would otherwise be required to pay, the NPDES permit fee related to CAFOs would not generate any additional revenue .

A general NPDES permit is valid for five years. For the 239 existing CAFO farms, the \$100 fee would

generate \$23,900 every five years. For approximately 211 farms that may be required to pay the fee starting in 2006, the fee would generate an additional \$21,100.

A \$250 fee is also created for filing an application concerning an **individual** NPDES permit as related to a CAFO. This fee is in addition to the \$50 individual NPDES application and renewal fees currently in statute. This fee should have a minimal fiscal impact, as most farms seeking CAFO approval will apply for the general NPDES permit rather than the individual permit.

An individual NPDES permit is also valid for five years. For the 41 farms that would be affected by this fee, the additional revenue generated every five years would be approximately \$10,250.

The average revenue generating potential of the general and individual NPDES fees relating to CAFOs could be approximately \$6,830 in any given year up to year 2006. Revenue generated from these fees will be deposited in the Environmental Management Permit Operation Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Environmental Management.

Local Agencies Affected:

Information Sources: Wendy Hoffspiegel, Department of Environmental Management.

Fiscal Analyst: Valerie Ruda, 317-232-9867.